

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 INT-08 COME-00 SCEM-02 L-03

TRSE-00 CIEP-02 PA-04 PRS-01 USIA-15 DRC-01 RSC-01

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R 242133Z OCT 73

FM AMCONSUL CALGARY

TO SECSTATE WASHDC 839

INFO AMEMBASSY OTTAWA

UNCLAS CALGARY 365

FOR HOFFCUTT, STATE (EB/TT/TD)

E.O. 11652: N/A

TAGS: EIND, CA

SUBJECT: CANADIAN COMPUTER POLICY

REF: STATE 207860, OTTAWA 2526

1. FINANCIAL POST OCTOBER 13 ARTICLE ON COMPUTER INDUSTRY
SUBSTANTIALLY CORRECT. LETTER OF DECEMBER 20, 1973# SENT TO ALL
RPT ALL HOLDERS OF FEDERAL PERMITS AND SIGNED BY MACDONALD AND
CRETIEN REQUESTED COMPANIES TO HAVE PROCESSING OF GEOPHYSICAL
DATA INVOLVING CANADIAN LANDS OFFSHORE AND IN NORTHERN CANADA
BE DONE IN CANADA THROUGH CANADIAN PROCESSING FIRMS AND BY
CANADIAN GEOPHYSICISTS.

2. LETTER OF MAY 25, 1973 ADDRESSED TO ALL RPT ALL PERMITTEES
AND ALSO SIGNED BY MACDONALD AND CRETIEN WAS A FOLLOW UP TO
DECEMBER 20 LETTER AND CONTAINED FOLLOWING ADDITIONAL STATEMENT:
"IT WOULD SEEM OUR LETTER HAS GIVEN RISE TO SOME FEELING POLICY
WE ANNUNCIATED COULD LEAD TO DISCRIMINATORY SITUATION, IN THAT
CERTAIN COMPANIES MIGHT TAKE ADVANTAGE OF VOLUNTARY NATURE OF
POLICY. IN LIGHT OF THIS, AND OTHER CONSIDERATIONS, WE HAVE
DECIDED THAT, AS AND FROM JANUARY 1, 1974, EXPENDITURES INCURRED
IN COMPUTER PROCESSING AND INTERPRETATION GEOPHYSICAL DATA
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ACQUIRED IN COURSE EXPLORATION AND DEVELOPMENT ACTIVITIES

INVOLVING CANADIAN LANDS WILL NOT RPT NOT BE CONSIDERED ELIGIBLE FOR APPROVAL AS ALLOWABLE EXPENDITURES UNLESS PROCESSING AND INTERPRETATION HAVE BEEN CARRIED OUT IN CANADA."

3. OIL COMPANIES LAST WEEK RECEIVED UNDATED THIRD LETTER, SIGNED BY CROSBY, EMR, AND WOODWARD, IAND, STATING "AFTER JANUARY 1, 1974, AN OPERATION SUBMITTING CLAIM PURSUANT TO CANADA OIL AND GAS LAND REGULATIONS FOR ALLOWABLE EXPENDITURES INVOLVING GEOPHYSICAL OPERATIONS ON CANADIAN LANDS MUST IDENTIFY ON THE STATEMENT OF EXPENDITURE NAME OF COMPANY OR COMPANIES INVOLVED TOGETHER WITH LOCATION OF COMPUTER FACILITIES USED IN PROCESSING AND LOCATION OF OFFICES WHEREIN INTERPRETATION OF GEOPHYSICAL DATA WAS UNDERTAKEN. EXPENDITURES INCURRED FOR COMPUTER PROCESSING MUST BE SEPARATELY IDENTIFIED AND NOT RPT NOT INCLUDED AS PART OF COST INCURRED FOR INTERPRETATION. FURTHERMORE, PROCESSING OF GEOPHYSICAL DATA UNDERTAKEN ON BOARD NON-CANADIAN SEISMIC SHIPS WILL BE CONSIDERED TO BE WORK UNDERTAKEN OUTSIDE CANADA AND NOT RPT NOT ELIGIBLE FOR APPROVAL AS ALLOWABLE EXPENDITRE."

4. ABOVE LETTERS APPLY TO ALL RPT ALL HOLDERS OF FEDERAL PERMITS. HOWEVER, PRINCIPAL COMPANIES EFFECTED ARE CHEVRON STANDARD, AMOCO AND MOBIL. ALL THREE HAVE MOST OF THEIR INTERNATIONAL PROCESSING DONE IN TEXAS OR OKLAHOMA. DESPITE MOVEMENT OF SUCH ACTIVITIES TO CANADA, COMPLEX PROCESSING WILL APPARENTLY CONTINUE TO BE UNDERTAKEN IN U.S. IMPERIAL AND SHELL ARE INVOLVED TO LESSOR EXTENT, BUT ARE BUILDING UP THEIR PROCESSING FACILITIES IN CANADA.

5. ISSUE WAS DISCUSSED BY CANADIAN PETROLEUM ASSOCIATION BUT NO POSITION WAS TAKEN ALTHOUGH CHEVRON STANDARD THOUGHT OFFICIAL PROTEST SHOULD BE MADE TO CANADIAN GOVERNMENT.

6. COMPANIES STATE THAT PROBLEM HAS DEVELOPED FROM PROTESTS BY CANADIAN PROCESSING COMPANIES WHO WANT BIGGER SHARE OF PROCESSING MARKET. ONE U.S. COMPANY SPOKESMAN MADE INTERESTING COMMENT THAT ISSUE WAS TRIGGERED BY ACTION OF MACMILLAN BLOEDEL, A CANADIAN ORGANIZATION WITH OFFICES IN U.S. SOURCE SAID U.S. OFFICES WERE SENDING DATA TO CANADA FOR PROCESSING AND ATTRACTED THE WRATH OF U.S. TAX AUTHORITIES WHO STATE WORK SHOULD BE DONE IN U.S. POST UNABLE TO VERIFY THIS STATEMENT.

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7. NEXT ISSUE COULD BE CONCENTRATED ON RESEARCH, WITH FEDERAL GOVERNMENT INSISTING THAT OIL AND GAS COMPANIES UNDERTAKE GREATER SHARE OF SUCH RESEARCH IN CANADA AND BY EMPLOYING CANADIAN FACILITIES. COPIES OF THREE LETTERS HAVE BEEN AIRMAILED TO OTTAWA FOR TRANSMITTAL TO DEPARTMENT.
HALL

NOTE BY OCT: #AS RECEIVED.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 24 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973CALGAR00365
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: CALGARY
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731015/aaaaalbv.tel
Line Count: 115
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: STATE 207860, OTTAWA 2526
Review Action: RELEASED, APPROVED
Review Authority: smithrj
Review Comment: n/a
Review Content Flags:
Review Date: 05 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05-Dec-2001 by bryansd0>; APPROVED <14 MAR 2002 by smithrj>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CANADIAN COMPUTER POLICY
TAGS: EIND, CA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005